

ARGUMENT OF THE COMMITTEE

APPOINTED TO REPRESENT THE

BALTIMORE CORN AND FLOUR EXCHANGE,

ON THE SUBJECT OF

DIFFERENTIAL RATES,

BEFORE THE

*Advisory Commission'' of the Trunk-line Railroads,*

AT THEIR SESSION IN THE CITY OF BALTIMORE.

March 20th, 1882.

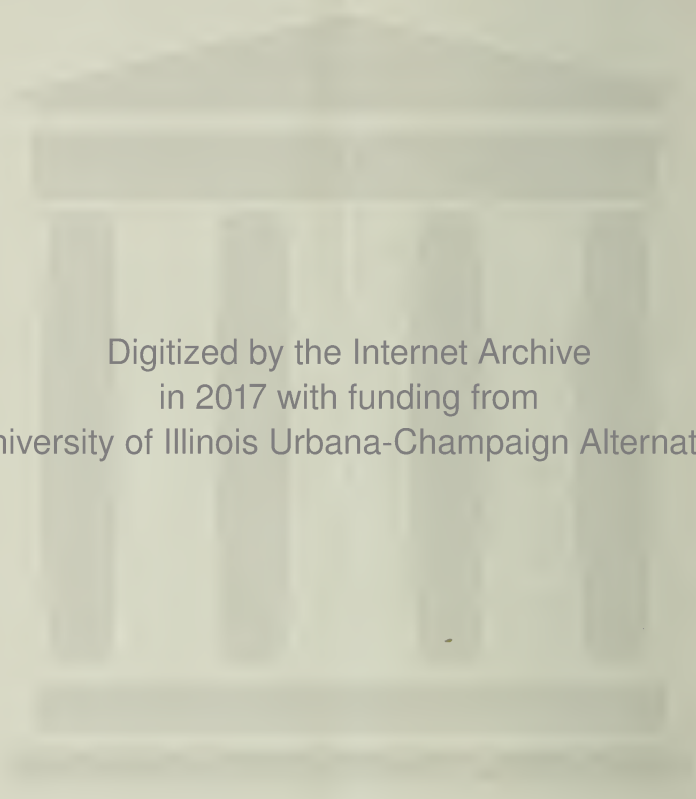
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## ARGUMENT.

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*Gentlemen of the Advisory Commission :*

PERHAPS no more embarrassing position can be assigned to any one than the necessity now entailed upon us through the logic of late events, of appearing before a commission composed of gentlemen of national reputation to prove a proposition which requires no proof, and to demonstrate a problem already plain to the most ordinary intelligence. It seems to have been reserved for these latter days to advance the claim that the ordinary rules of arithmetic are no longer reliable, and that 600 miles are now quite as many as 900 miles, applying the outside distance to the commercial metropolis of the country, and the inside to an energetic youthful competitor for trade.

After the arguments to which you have doubtless given the closest attention for the past two weeks it is hardly necessary to state that we refer to the late demand of the president of the New York Central and Hudson River Railroad Co., endorsed by the leading commercial organizations of the city of New York, that the rate of freight shall be uniform on western products from all western competing points of departure to the three cities of New York, Philadelphia and Baltimore, regardless of the intervening distance to be traversed, and this rate to be dictated by the authorities of the longest line of communication. And for what end?—*to protect the trade of New York.* A proposition so sweeping in its demands must be in conflict with all sound public policy—certainly in conflict with the policy which has governed our railway lines for half a century—and it can claim no support from the dictates of common sense, nor is it flattering to the intelligent judgment of the merchants of the city of New York, if it be not *sacrilege* to express that opinion.

Without entering into any detailed statement of the causes or motives which have culminated in the creation of the "Advisory Commission"—whether it be treachery, dishonesty, or incompatibility of temper on the part of the trunk-lines, or whether it be the outcome of sharp business rivalry between merchants of sea-board cities, each competing for the largest proportion of the volume of business uninterruptedly flowing eastward, we must call your attention to the fact that it is now proposed to establish such regulations as will forever debar us in Baltimore from gathering any of the fragments which might under other circumstances fall by the wayside. Whether the provoking want of harmony between the trunk-lines will be ameliorated when supplemented with whatever animosity may be engendered between merchants through the threatened disinheritance of Baltimore from any part of this vast estate of God's bounty unceasingly afforded for the use and maintenance of His creatures, is problematical. But inasmuch as some mutual agreement on the subject of rates to the sea-board seems to have become a stern necessity to prevent railroad companies from self-destruction, and as we in Baltimore are good citizens, willing to surrender to the public some rights which are inalienable—even though it be *to protect the trade* of the city of New York—and inasmuch as each city is no longer to rely solely upon the ability of its own lines of transportation to serve it to better advantage and at less relative cost than competing lines can serve other cities, we must insist in discussing this late proposition as it affects the city of Baltimore, upon taking into the account *all the conditions* existing here, all of our advantages and disadvantages, all items of distance, whether from the point of production or from distributive markets in Europe, differences in ocean freights, as well as the question whether if we and our railway lines were not *forced* into the trunk-line compact we should not be in position, unaided from without, to defy competition. In order that the whole question may be discussed intelligently, we present for your consideration the following propositions :

1st. Our advantage in our shorter distance from western points must be recognized in any arrangement which is *intended to be*

*general*, and full allowance in lower rate of freight must be accorded to us for our shorter line by

185	miles from	Chicago,
349	" "	St. Louis,
304	" "	Louisville and
304	" "	Cincinnati

than the distance of these points from the city of New York by by the line of the New York Central and Hudson River Railroad Co., from the president of which proceeds this new method of adjusting rates.

2d. As we are so much nearer western trade centres and the producing territory contiguous to them, very naturally we must be more remote from European markets, as shown by the 200 miles intervening between us and the ocean, whilst New York is distant only 15 miles; and then has the advantage of 100 to 200 miles from her more northerly situation for all vessels bound to ports of the United Kingdom. For this disadvantage to the port of Baltimore we must claim under any general freight compact an allowance for the increased rate of ocean freight to us as compared with New York; and we must demand a further liberal allowance for the very low rates of freight made on large blocks of grain on the regular lines of ocean steamers from New York, which rates can never be duplicated in full cargoes.

3d. We must insist upon an equivalent for what is known as the *free delivery system* in the city of New York, if any mutual adjustment of rates is to prevail.

4th. This late demand from New York is in conflict with sound business economy in so far as it will be damaging to the revenues of western connecting railroad lines, not owned or controlled by the trunk-lines, in compelling them (the western neutral lines) to pro-rate their charges, or earnings, with the longest instead of the shortest line, as they practically would, under existing conditions, with the same rate of freight prevailing to Baltimore, Philadelphia and New York.

5th. We dare not lose sight of the fact that prior to the development of the necessity for this mutual agreement between trunk-lines, Baltimore was drawing western products to her wharves at 6 to 10 cents per 100 pounds less than New York rates, whilst our lines are now ready to agree upon a difference of 3 cents per 100 pounds ; and further, that if circumstances would permit us to be again placed outside of the trunk-line compact, more advantageous rates would again be afforded to us than the difference of 3 cents per 100 pounds now claimed.

6th. This demand for a uniform rate of freight to and from the cities of New York, Philadelphia and Baltimore is in defiance of public interests and public policy, by entailing upon the community at large unnecessary charges for transportation of their products, and by practically depriving them of choice of markets ; and further, by unjust discrimination against Baltimore as a port of entry, where facilities and economies for handling imports are in marked contrast with the port of New York.

Now some of the *embarrassment* of which we spoke a moment ago comes upon us right here in the discussion of the first proposition ; and when we propose to incorporate with it the anxiety of our fellow merchant in New York to get that Baltimore and Ohio train up to the altitude of 2,600 feet, some 1,700 feet higher than New York Central trains are elevated, the difficulty may become appalling. But as he has gone to the trouble of placing the train on the top of the mountain, we anticipate little or none in getting it down again to the New York level. In discussing this branch of the question we shall go straight to the New York fountain head for our evidence, using none except that given to the public by men who are in position to know all about it. And although these discussions to which your attention has been directed have been intended for our funeral, we may yet be able to convince you that Baltimore *as a corpse* presents some decided symptoms of vitality.

Mr. Wm. H. Vanderbilt in his testimony before the "Special Assembly Committee of Railroads" at Saratoga Springs, August 20th, 1879, on page 1,244, says, "I mean this ; I mean that other roads would not submit to having the same rate fixed to New York

as was fixed to Baltimore and Philadelphia." In answer to the question: "Suppose they did not submit; what could they do," he replies, "They would carry the freight so low that we could not get a cent for it, and then the question would come, whether they could carry cheaper to Philadelphia and Baltimore, or we to New York; and there is no reason why they should not carry it just as cheap as we should." *Question.* As you to New York? *Answer.* As we should to Baltimore, *the same distance*; they have always claimed, and claim still, that their advantages in coal and other expenses more than offset all the advantages we have—and *it is a very serious question whether it does not.*

*Question.* Do you think it offsets the value of your traffic?

*Answer.* The volume of their traffic is as large as ours.

On page 1,258 under date of August 21st. In answer to the question whether the Grand Trunk railroad was not a formidable adversary to him, he replies, "they were trying to compete with us on 200 miles greater distance—the same as you would have us do with the Baltimore and Ohio."

On page 1,675, Mr. Vanderbilt says, "I think the railroads have done their full share towards the prosperity of the city of New York, from the very fact that we are transporting goods in competition with other roads 200 miles further for 2 cents more, 300 miles further than Baltimore is; and the great demand made by the merchants was that we should do the business and carry the goods to New York at the same price that they would to Baltimore and Philadelphia."

*Question.* Why not? *Answer.* "Every reason in the world why not—it would lead to a war of extermination of the roads; if we survive and cripple them, they would go to Congress; there would then be a war of extermination of the whole United States against us; they would not permit us to live—they would go to Congress about it."

*Question.* The merchants of New York think you have so much advantage in your superior gradient and our larger local traffic that they ought to have equal rates with the others? *Answer.* That is a mistake; look at the reports of the New York Central and the Pennsylvania roads; they do their business at a less cost than we do; the reports show it.

Whether the testimony of Wm. H. Vanderbilt in 1879, will support the demand made by the president of the New York Cen-

tral and Hudson River Railroad, and by the merchants of the city of New York, in 1882, we leave for you to determine.

We come now to the testimony before the same committee, of Mr. Hugh J. Jewett, the President of the New York Lake Erie and Western Railroad—formerly the New York and Erie Railroad, under date of August 25, 1879, at Saratoga Springs. *Question.* Hav'nt you agreed on behalf of the Erie Railway Company to an arbitrary rate which makes a constant difference as against New York in favor of Philadelphia and Baltimore of respectively 2 and 3 cents a hundred? *Answer.* Yes, sir; we have made that and thought we were very successful when we got it reduced from 6, 8 and 10. *Question.* Do you do it on the mileage theory? *Answer.* Oh, no; if we made it on the mileage theory they would have, I think, on St. Louis, 26—well it would be four or five times what it is.

Perhaps no statement from any source could show in so few words how much Baltimore has already suffered by being included in this trunk-line compact, and yet the "horse-leech" still cries give! give!! Shall we go on giving, giving until our patrimony descended from heaven to our fathers, and from them to us is exhausted? Have our friends in New York estimated the cost of this warfare before they entered into it?

Mr. Jewett, in answer to the question on page 1,493, "Is it true that New York city is now losing its business?" *Answer.* I think it is. *Question.* By reason of the shorter distance between New York and Philadelphia and the western centres? *Answer.* By reason of the efforts of those cities to increase their trade, and by reason of the coöperation between their railroads and those cities in building it up, and *by reason of the fact that their distance does reduce the actual expense.* *Question.* Isn't the gradient of the New York Central very far superior to that of any of the other roads? *Answer.* The gradients of the New York Central road are less than either of the other roads, but on the Pennsylvania Railroad their grades are concentrated—they are all at one point, so they can help without serious expense.

*Question.* Supplemental power? *Answer.* "Yes sir; in New York it is in little hills, here, there and other places which affect the power over the entire line; the grades of the Baltimore and Ohio are spread out, but as a matter of expense of operating, the

*Baltimore and Ohio Road is the cheapest road of the trunk-lines to operate, from the fact that it runs a great portion of its distance through a most valuable coal-field ; whilst the New York Central is paying three, or four or five dollars a ton for its coal, the Baltimore and Ohio can bring it right out of the pit and dump it into the car of the engine at a cost possibly of 80 to 90 cents a ton: the advantage it has in fuel far overbalances any advantage the New York Central may have in grades."*

This advantage of cheap coal as an element in motive power we trust will demonstrate to our New York friends precisely how it is that we overcome altitudes with any existing gradient leading to them, and why we can so readily move freight and passengers with more facility and less expense than they can show. And we tell you further, gentlemen, it is not probable that the Baltimore and Ohio Railroad Company would to-day surrender its mountain grades with the cheap fuel furnished them at almost any point for more than 100 miles in distance, and the immense traffic afforded them in the transportation of this coal for others, for an equal slice of territory with grades even less than those of New York roads, without the coal.

We come now to the testimony of Mr. Geo. R. Blanchard, for six years general freight agent of the Baltimore and Ohio Railroad Company, next general freight agent of the Erie Railroad Company, then assistant to the president of that company, and now one of its vice-presidents. Surely we have in him one who is abundantly qualified to speak on the subject. On page 3,193 of the testimony taken by the legislative committee of the state of New York, Mr. Blanchard says, "Disregarding all matters of grade, curvature, labor, iron, bridges, tunnels, and everything else, disregarding all this trash, is there anybody who can say that with coal delivered to the Baltimore and Ohio at 90 cents per ton, while our lowest price is \$2; that with a difference in their favor of 200 miles in distance, that with cross-ties purchased in the mountains of West Virginia at one-half the money we have to pay, that with all these differences and disabilities we can carry this extra distance for nothing, and then show the same result per ton per mile on the whole distance? It is the most misleading suggestion that can possibly be submitted to the committee." Again. On page 3,175, in referring to an instance in which flour

was to be carried 272 miles farther to New York than if sent to Baltimore, Mr. Blanchard, *now a vice-president of one of the New York trunk-lines*, says: "We are not called upon by any mercantile principle or usage to carry that extra distance for nothing, and there are no 272 miles of railroad that can be built for nothing, can be worked for nothing, that should be given to the public for nothing."

This testimony of the president of one New York trunk-line, and the president and vice-president of the other supports our proposition so earnestly and strikingly that we are compelled to infer that our advantages in distance are such that they cannot be overcome by anything which New York has thus far presented in the line of railway communication, and that there is nothing in our difficult grades which redounds to the advantage of New York.

Having disposed of the argument of our metropolitan friends against our *grades*, we come now to some general features of the subject, and in order that we may the better appreciate the wretched tenure under which New York merchants endeavor to maintain their demands, we have to traverse ground already familiar to you, but we shall reproduce some scraps of history.

We have never believed any combination between the trunk-lines to be advantageous to the city of Baltimore nor to the great producing territory tributary to it. The country wants and should have fair competition between railroads. The Baltimore and Ohio Railroad was constructed by the capital and credit of our city in its corporate capacity, and by our citizens, for the very purpose of opening a shorter route to and through Baltimore than any which did or could exist to other cities. We claim that we are entitled to the benefit of every advantage which this feature can furnish to us, and on sound business principles we claim the right to protest against any combination whereby the parties thereto are to be benefited and the public oppressed. Does it follow that if railroad companies are conducting their business independently—outside of mutual compact or agreement—that they will drift into ruinous competition? Will not the wishes and demands of stockholders ultimately compel them to conduct their traffic upon such basis as will return a fair equivalent for the capital invested in them? Have not railroad wars more than once been resorted to in order that better terms might be made in a contemplated new

pooling arrangement? If fair competition in these days of stock-jobbing is amongst the possibilities, we shall have no misgivings about Baltimore, receiving her full proportion of trade at all times.

No pooling arrangement can be permanent which does not recognize the claims and advantages of cities nearest to the point of production. Capital invested in our railroads will become restive under any arrangement which discards this principle. Nor will the citizens of Baltimore and of the western States suffer our business to be destroyed, nor this outlet for trade closed against them if it be in their power to prevent it. New and cheaper outlets are constantly sought by the owners of products, and Congress is constantly importuned to pass laws regulating inter-State traffic. Whilst we prefer to see railroad companies conducting their business without restrictions of the law to guide them, still we cannot lose sight of the fact that any combination which incorporates into its provisions the present demand from New York is a standing invitation for congressional interference. Merchants of that city seem to have but a slender appreciation of the intelligence and power of the citizens of the west, north-west and south-west, who have so vital an interest in economical transportation, and they seem to have lost sight of all except New York itself, in this their last demand. Sea-board cities are practically consumptive markets for products of the west, for the price of that which is exported establishes the value of that used for home consumption. The importance of this factor can be more fully appreciated when we state that 94 per cent. of the corn crop of the country is consumed at home, yet the 6 per cent. exported establishes the price of the balance.

It is a matter of vital importance that the producer shall receive the best net result from the sale of his products. This depends materially upon the rate of freight to the sea-board, upon terminal charges there and the current rate of ocean freight. This fact was recognized by the New York lines previous to the year 1870, when a differential rate of \$2 per ton was allowed in favor of Baltimore, for the reason "that transportation from Baltimore and Philadelphia to foreign markets cost more than from New York." The same features still exist, and the producer will investigate very closely to ascertain what proportion of the value of his crop is paid to the foreign ship owner, and to determine whether rail

freights to the sea-board are based upon the distance traversed, that he may have an equivalent for any lower price prevailing at any point.

Before the advent of the pooling system, or before any combination was entered into by the trunk-lines to maintain differential rates, Baltimore received western grain at 10 cents per hundred pounds less than was charged to New York by the northern lines. Our lines then established rates to suit themselves. We presume under these circumstances they arranged for a fair margin of profit over the cost of transportation. This soon became unsatisfactory to New York, and the result was a war of rates between railroads. Finding that transportation at ruinous rates was damaging to revenue, a compromise was entered into, our roads consenting to a *differential* of 5 cents in our favor. Still Baltimore continued to build up a handsome and constantly increasing grain trade. Again New York looked upon us with jealousy, and then came another war of rates, continued until all the trunk-lines were willing to quit. Naturally the compromise came next and Baltimore received her *differential* of 3 cents per hundred pounds. Under the new arrangement Baltimore persistently continued to attract a handsome grain trade. This was still unsatisfactory to New York, but worked for a time, when war was again proclaimed. And now comes the demand for equal freights to New York and Baltimore from all western points. This irrepressible little rival must be expunged even if the New York rate must be made less than ours to accomplish it. Under these circumstances do they still propose to continue their *free delivery* system, and maintain their elevator charges at  $\frac{1}{4}$  cent per bushel whilst ours are  $1\frac{1}{4}$ ? We presume they will presently reach the point at which they propose to draw the veil of oblivion upon us.

Assuming  $32\frac{1}{2}$  cents per 100 pounds as the average rate of freight during the year 1880, between Chicago and New York, then Baltimore's rate under the existing compact would be  $29\frac{1}{2}$  cents. Upon the theory of *mileage*, Baltimore would be entitled to a difference of  $5\frac{7}{10}$  cents per 100 pounds. On relative mileage from Cincinnati we should be entitled to a difference of  $9\frac{1}{2}$  cents per 100 pounds, and from St. Louis to a difference of  $9\frac{6}{10}$  cents per 100 pounds, instead of the established differential of 3 cents per 100 pounds. These estimates are all based on the *average* distance by

the three lines to New York. If we use the distance via the New York Central to New York, and via the Baltimore and Ohio to Baltimore, the injustice already done us in our allotted rate becomes decidedly more glaring. The very grave question arises here—does justice to ourselves, a proper regard for the interests of those who prefer to market their products in Baltimore, and a just appreciation of the natural advantages of our city for business, whether foreign or domestic, do all these, or any one of them, call upon us to surrender anything whatever, and how long can we be justified in our tacit acceptance of the three cent differential *to preserve the trunk-lines from destruction*. Are we not indirectly paying a subsidy to New York by foolishly consenting to throw away advantages which that city cannot otherwise overcome? Does New York hold a mortgage upon the trade of the Western States? Shall no other city be permitted to take a second lien upon it? Are not some of those western trade centres inclined to look upon Baltimore as a preferred creditor, or aspirant for their business?

It is very evident that New York has some advantages which more than compensate her for the 3 cent differential made in our favor. Summarising the results as shown by Statement A. hereunto appended which sets forth the differences in prices of wheat and corn in New York and Baltimore for each of the four years from 1878 to 1881, inclusive, we find that for the four years wheat averaged  $2\frac{58}{100}$  cents per bushel, or  $4\frac{3}{10}$  cents per 100 pounds, higher, and that corn for the same four years averaged  $1\frac{22}{100}$  cents per bushel, or  $2\frac{18}{100}$  cents per 100 pounds higher than in Baltimore. Now if we take the *winter months* when canal navigation is suspended and when both cities are dependent upon railroad transportation, we find wheat to average  $3\frac{22}{100}$  cents per bushel, or  $5\frac{36}{100}$  cents per 100 pounds higher, and corn  $2\frac{67}{100}$  cents per bushel, or  $4\frac{77}{100}$  cents per 100 pounds higher than in Baltimore.

Now why can New York afford to pay more for grain than we can in Baltimore? Lower rates of ocean freight prevail there, they have “free delivery” to any point in the harbor by the railroad companies, their elevator charges for receiving and delivering are one quarter of one cent per bushel, whilst ours are one and one quarter cents, their *regular line* steamers carry grain to Europe at rates which we cannot duplicate. And they have a further large supply of all classes of tonnage, both steam and sail, bringing

to that city articles which enter into their import trade. Free from the obligations of a railroad combination, we are willing to test our ability to cope with them in the business of exporting grain. Bound by the terms of the combination we must ask that due allowance be made to us for all these advantages to them.

We beg also to call your attention to statements marked K and L of Commissioner Fink, in his report to the trunk-line railroads, in which he shows the relative cost of transporting grain from the western States to Europe, via Baltimore and via New York.

The inexcusable wrong already done us, as exhibited in those statistical reports, certainly demands official and impartial investigation ere any further injustice be proposed.

Taking into the account the free delivery system existing there, the cost of which, to the extent of 3 cents per hundred pounds, is charged back against the railroad companies concerned in the transportation of the articles entering into that free delivery we find that their rate of freight from western points is already the same as ours, and that we have been and are even now contending against all the other advantages which they possess over and above us.

If this demand from the city of New York for continued further favors from the railroads of the country be not promptly throttled, a counter demand will spring up in neighboring cities that their own railroads shall fulfil the demands and expectations of the communities which built them. There are some interests and obligations outside of those whose fullest joy is manifested in a game of shuttle-cock with the millions invested in the railroad property of the country.

But there are other interests involved in this question of differentials than those of the trunk-lines—interests away beyond the cities of New York, Philadelphia and Baltimore. There are railroads and some population also in the Mississippi and Ohio Valleys which are affected directly by any demand which attempts to force trade into arbitrary channels. Let us turn now to propositions 4 and 6, which we shall endeavor to discuss together and as briefly as possible.

On all consignments of freight for which *free delivery* to any part of the harbor of New York is required, Mr. Blanchard says in his testimony before the special railroad committee of the New

York General Assembly, on page 3,223, "there shall be deducted from the through price 3 cents per hundred pounds," and that upon these free deliveries they compel all western neutral roads to *prorate* this 3 cents per hundred pounds. On page 3,224, he states that "of our whole business more than 80 per cent. is made on these special deliveries." Now in Baltimore, we have no free delivery system, and neutral roads are taxed nothing for that item. But if you surrender to the port of New York in all its demands, with its free delivery system, allow them to tax western neutral roads for their proportion of the expense of free delivery, give them the advantage of lower ocean freights, which they always have, and allow us nothing for it, allow us nothing for our distance of 200 miles from the ocean as against their 15, and you will forever drive grain to them, because *they can pay more for it*. Now what becomes of the neutral road in the west under these conditions? On page 3,195, Mr. Blanchard says "that under present conditions every neutral company in the west, even at the present difference of 3 cents, is receiving a larger amount of money per hundred pounds by sending their business to Baltimore than if they sent it to New York; and that Baltimore always pays them the best rate per ton per mile, even though the rate is made from Chicago to New York, between which points the difference in distance is less than from other western grain centres. The neutral road gets a larger proportion of the mileage from any western point when sending its business over the Baltimore and Ohio Railroad than if it was sent to New York."

This proposed "Trades Union" demanded by New York lines, or the New York merchants—we care not which—for, it is discreditable alike to both, aims now to annul, abrogate, obliterate all these advantages which western lines now have, to engulf Baltimore in the common destruction, and under a general order force all to pay tribute to her coffers—or, as one of their advocates put it before you two weeks ago—to her *greatness*.

Is it to be supposed for a moment that the population of the vast extent of country served by the four great trunk lines, has not the intelligence to discern the tendency of our railroad system to develop the most gigantic centralization of power of modern times, as the ultimate outcome of greed for that to which they are not entitled? Is it to the interest of that population or any other

whose trade may be affected by compacts, that there shall be but one rate of freight to the seaboard irrespective of the point to be reached, and that rate to be established by New York city and her railroads? Nature gave to us our great lakes and rivers, not all emptying into the Atlantic at the port of New York, not all leading in the same direction, none of them making abortive attempts to force an unnatural passage nor to float upon their surface anything elsewhere than in its natural course, but each one having its own peculiar mission to perform and its own district to serve. No pools, nor combinations, nor differentials, nor trespassing there! To the reflecting mind it would seem that each one of the trunk-lines has also its mission allotted to it. Certainly they were constructed with that end in view. Was the New York Central constructed to build up Baltimore? or the Baltimore and Ohio to build up New York? Is there any feature in the geography of the United States which constitutes the New York Central the key to the traffic of the country? Is there any principle enunciated in political economy which can justify its dictation or that of its terminal city, of the price to be paid for transporting the products of an empire to distributing markets? Dare we adopt that principle in conducting the transportation business of the country? We appreciate the greatness of the city of New York, its marvelous progress and growth, its importance as a centre of wealth and trade, but she sits not so high in royal arrogance that she may say—"there shall be no gateway to the sea except through my portals." Protest against this has already gone up from the Mississippi to the Chesapeake, and with it has come golden grain to be exported through the port of Baltimore, through the port of Baltimore because nature directed the way and outlet.

This attempted concentration of power, this attempted dictation of terms, of price and of market, this attempt to control the direction which the products of the country shall take foreshadows something the significance of which has not yet been fully grasped by the public in any or all of the controversies and arguments on the subject of differential rates, pools, compacts or trunk-line agreements. And it bodes no good to the western producer. The demand which proposes arbitrarily to blot out all advantages in distance and location will be sharpened whenever some other designs can be concealed under the pretext that *the*

*trade of New York must be protected.* Pardon us for introducing here an extract from the Cincinnati Gazette, in which the real merits of the controversy are fully and accurately detailed, whilst at the same time we regard it as a correct exponent of western sentiment on this subject:

“But, assuming that Mr. Vanderbilt tells the truth, and that his real object is to protect the trade of New York, let us look at the matter. If this is his purpose, it is a war of three cities rather than a railroad war, and it is not likely soon to be settled except by the yielding, on the part of Mr. Vanderbilt, of what must appear to every fair minded person an untenable position.

“There are three great trunk-lines between the West and the Eastern seaboard, not including the Erie, which seems to be passive in the contest. These are the New York Central, running to New York; the Pennsylvania Central, to Philadelphia, and the Baltimore and Ohio, to Baltimore. The two latter have connection to New York also.

“In the course of developments lines of steamships were established between Philadelphia and Baltimore and Europe through the agency of their two great railroads respectively, and at the same time facilities were provided for connecting the railroads with the docks, thus abolishing the cost of transfer through the cities, which saving equalled the cost of hauling the freight 100 miles by rail. This secured to Philadelphia and Baltimore superior advantages over New York in forwarding the produce of the West to the consuming markets of Europe, and that saving inured to the benefit of producers and consumers. It was no longer necessary to ship produce to New York in order to reach a foreign market, or submit to the heavy charges for hauling and transferring property in New York. Importing merchants also began to discover the advantages of Philadelphia and Baltimore as ports through which they might bring their goods from Europe. To facilitate this trade Congress amended the customs laws so as to permit direct importations. Interior merchants are thus enabled to obtain goods direct from Liverpool, or from the ports of France and Germany in less time than it used to require to pass them through the New York Custom-house; hence there has been an immense increase in the business of direct importations, of which Philadelphia and

Baltimore have had a large share, and the monopoly so long maintained by New York of the foreign import and export trade has been broken up. It still maintains the lion's share of the business, but has been forced to improve its system of transfers and reduce its charges. It did not move in that direction until it saw its foreign trade slipping away to Philadelphia and Baltimore. This has been so much gained for the West through the competition offered by the two great railroads of Philadelphia and Baltimore.

"But Mr. Vanderbilt is not satisfied with the situation, and he assumes to destroy arbitrarily the advantages which his rivals have by reason of their geographical position. He demands, in other words, that the rates of freight between Cincinnati, for example, and the seaboard shall be uniform, regardless of distance.

"The New York Central being the longest route, Mr. Vanderbilt claims the right to fix the rates not only to New York, but to Philadelphia and Baltimore also. In other words, he insists that the producers of the West shall not send their products to tidewater by the shortest route except upon the condition that they shall pay the cost of carrying by the longest route. There never was a more preposterous proposition submitted to the public; yet it is indorsed by the New York Chamber of Commerce on the absurd ground that the New York Central being the richest corporation, it should be permitted to dictate terms to the other roads, and assess a tax upon the West to make up for the difference against it by reason of its geographical position. Of course the business men of Philadelphia, Baltimore, Cincinnati and all western cities would oppose the proposition, and that, too, with great vigor."

One other point here into which we have not fully entered thus far. The average rates of ocean freight from New York, Philadelphia and Baltimore during the years 1878 to 1881, inclusive, will be found upon Statement D. attached. The average rate per sailing vessels was about the same from New York and Baltimore, but the rate for steamers (which take the great bulk of grain from New York,) was  $19\frac{3}{8}$  cents per hundred pounds from New York, against  $22\frac{7}{10}$  cents per hundred pounds from Baltimore. Taking the percentage of grain shipped from the two cities by sailers at

the sail rates, and by steamers at the steamer rates, we find that the general average from New York was  $21\frac{1}{10}$  cents per hundred pounds against Baltimore's average of  $25\frac{41}{1000}$  cents per hundred pounds, showing that the actual rate which the grain exported from New York paid was  $4\frac{3}{1000}$  cents per hundred pounds less than was paid on that exported from Baltimore.

Before concluding, we must express the opinion that when this matter is reduced down to its true inwardness, it will be found that the New York trunk-lines are smarting under this charge of 3 cents per hundred pounds for free delivery, taken part of it out of their own pockets and part out of western connections, and they find it insufficient to pay the bill. Being practically already under our rates, they now ask for a further reduction in theirs or an advance in ours, so that they may use a little more on free delivery without trenching too much on their revenues, *and then call the rate uniform*. We shall find further that New York merchants are smarting under the temerity of a vigorous young competitor which has presumed to trespass upon its *preserves*, and a cry has gone out from *Macedonia* for help. It is not yet proposed here to surrender quite all to New York. We welcome competing lines, and we have never sought to *live off of them* at the expense of other municipalities. The logic of this new demand must be that the Baltimore and Ohio Railroad will not be permitted to stop its freight here, but that it will have to carry it 200 miles farther without additional compensation, ignoring our channel to the sea, deepened to a very considerable extent at our own expense to float the largest steamships, that these and sailing vessels must be driven away empty from our piers—empty because nothing will be left here for them to carry; that the millions expended upon our public warehouses must be regarded as thrown away upon gew-gaws for bats and owls—and all this to *protect the commerce of New York*; but, unfortunately, to destroy ours. Nay, gentlemen, there is still left here some of the pluck and spirit of those heroes who more than fifty years ago were the pioneers in railway building, and whose keen foresight pictured to them the advantages which Baltimore would reap from her iron highways. They did not ask help from New York, and we ask none.

Let New York fight it out on its own resources if this *differential* rate of 3 cents per hundred pounds is not satisfactory. We

have yielded already more than enough. To make further concession, to succumb when life is demanded, would brand us as unworthy and cowardly descendants of the generation which has preceded our own.

WM. S. YOUNG, *Chairman.*

CHAS. D. FISHER,	}	<i>Committee.</i>
J. C. VINCENT,		
D. M. TATE,		
E. M. SCHRYVER,		
GEO. H. BAER,		
F. T. SMITH,		

## EXHIBIT "D."

## BALTIMORE CORN AND FLOUR EXCHANGE REPORT,

*Showing Average Rates of Freight by Sail and Steam from New York, Philadelphia and Baltimore, and the Differences between the Cities.*

SAIL RATES.				STEAM RATES.			
Year.	New York.	Philadelphia.	Baltimore.	Year.	New York.	Philadelphia	Baltimore.
1878.. .....	5/10 $\frac{1}{2}$	5/9 $\frac{1}{2}$	5/10 $\frac{1}{2}$	1878.....	7 $\frac{1}{2}$	8 $\frac{1}{2}$	8 $\frac{3}{4}$
1879.....	5/5	5/3 $\frac{1}{2}$	5/5 $\frac{1}{2}$	1879.....	6 $\frac{1}{8}$	7	6 $\frac{7}{8}$
1880.....	5/0 $\frac{1}{2}$	4/10 $\frac{3}{4}$	5/1 $\frac{1}{4}$	1880.....	5 $\frac{7}{8}$	6 $\frac{1}{4}$	6 $\frac{3}{8}$
1881.. .....	4/5 $\frac{2}{3}$	4/7	4/6 $\frac{2}{3}$	1881.....	4 $\frac{1}{6}$	4 $\frac{1}{2}$	5
Four Years...	20/9 $\frac{2}{3}$	20/5 $\frac{7}{12}$	20/11 $\frac{1}{12}$	Four Years....	23 $\frac{2}{3}$	26 $\frac{1}{4}$	27 $\frac{1}{4}$
Average .....	5/2 $\frac{5}{12}$	5/1 $\frac{5}{12}$	5/2 $\frac{1}{2}$	Average.....	5 $\frac{1}{12}$	6 $\frac{9}{16}$	6 $\frac{1}{16}$
Average per Qr. in Currency..	\$1.24.8	\$1.23	\$1.23	Average in cur- rency pr 60 lbs.	11 $\frac{5}{8}$	13 $\frac{1}{8}$	13 $\frac{5}{8}$
Average per 100 Pounds.....	.26	.25.625	.26.042	Average per 100 Pounds.....	.19.375	21.875	22.708
<i>per bus.</i> 15 $\frac{6}{8}$ 15 $\frac{3}{8}$ 15 $\frac{7}{8}$				11 $\frac{7}{8}$ 13 $\frac{1}{8}$ 13 $\frac{7}{8}$			

*General Average computed by Percentages of Sail and Steam Shipments.*

Percentages.	New York.	Percentages.	Philadelphia.	Percentages.	Baltimore.
Sail, 26	26 $\times$ 26 = .0676	Sail, 71.67	25625 $\times$ 71.67 = 183654	Sail, 81	.26042 $\times$ 81 = 21104
Steam, 74	19.375 $\times$ 74 = 143375	Steam, 21.33	21875 $\times$ 21.33 = .046659	Steam, 19	.22708 $\times$ 19 = .04314
Gen'l Average.	Cts. per 100 lbs. .210975		.230313		.25418

12 $\frac{7}{8}$  13 $\frac{19}{16}$  15 $\frac{1}{4}$   
Difference—New York and Baltimore—4.32 cents per 100 lbs.

" " " Philadelphia—1.93 cents per 100 lbs.

" Philadelphia and Baltimore—2.38 cents per 100 lbs.

**"EXHIBIT A."—AVERAGE PRICES OF NO. 2 RED WINTER WHEAT.**

	New York.	Baltimore.	N Y. over Balt.	Balt over N. Y.	
<b>1878.</b> January.	138 $\frac{1}{2}$	135 $\frac{7}{16}$	3 $\frac{1}{16}$	.....	Yearly average 21 $\frac{1}{16}$ . Average of winter months 3 $\frac{3}{8}$
February.	134	131 $\frac{3}{16}$	2 $\frac{1}{16}$	.....	
March.	133 $\frac{1}{4}$	129 $\frac{1}{16}$	3 $\frac{3}{8}$	.....	
April.	135 $\frac{7}{16}$	131 $\frac{1}{2}$	3 $\frac{1}{16}$	.....	
May.	127 $\frac{7}{16}$	126 $\frac{5}{16}$	0 $\frac{3}{16}$	.....	
June.	112	110 $\frac{9}{16}$	1 $\frac{3}{8}$	.....	
July.	109 $\frac{3}{4}$	104 $\frac{1}{4}$	5 $\frac{1}{2}$	.....	
August.	108	103 $\frac{1}{16}$	4 $\frac{5}{16}$	.....	
September.	107 $\frac{3}{8}$	106 $\frac{3}{8}$	1	.....	
October.	102 $\frac{3}{8}$	101 $\frac{1}{8}$	1 $\frac{1}{4}$	.....	
November.	107	104 $\frac{1}{8}$	2 $\frac{7}{8}$	.....	
December.	108 $\frac{3}{8}$	104 $\frac{3}{8}$	3 $\frac{3}{4}$	.....	
<b>1878.</b>	118 $\frac{5}{8}$	115 $\frac{1}{16}$	21 $\frac{1}{16}$	.....	
<b>1879.</b> January.	109 $\frac{1}{2}$	105 $\frac{3}{8}$	4 $\frac{1}{8}$	.....	Yearly average 21 $\frac{1}{16}$ . Average of winter months 3.
February.	110 $\frac{3}{4}$	107 $\frac{7}{8}$	2 $\frac{7}{8}$	.....	
March.	115 $\frac{1}{4}$	114 $\frac{1}{8}$	1 $\frac{1}{4}$	.....	
April.	113 $\frac{1}{16}$	111 $\frac{1}{16}$	2 $\frac{7}{8}$	.....	
May.	116 $\frac{1}{2}$	114 $\frac{1}{2}$	2 $\frac{3}{8}$	.....	
June.	117 $\frac{1}{2}$	116 $\frac{1}{16}$	0 $\frac{1}{16}$	.....	
July.	115 $\frac{1}{2}$	113 $\frac{3}{8}$	2 $\frac{1}{4}$	.....	
August.	109 $\frac{1}{2}$	108	1 $\frac{1}{2}$	.....	
September.	117	107 $\frac{9}{16}$	.....	0 $\frac{1}{16}$	
October.	141	139 $\frac{1}{16}$	1 $\frac{1}{16}$	.....	
November.	142 $\frac{1}{2}$	139 $\frac{3}{16}$	1 $\frac{3}{16}$	.....	
December.	155 $\frac{1}{8}$	150 $\frac{3}{4}$	5 $\frac{1}{8}$	.....	
<b>1879.</b>	122 $\frac{5}{32}$	119 $\frac{1}{16}$	21 $\frac{1}{32}$	.....	
<b>1880.</b> January.	148 $\frac{3}{8}$	144	4 $\frac{3}{8}$	.....	Yearly average 2 $\frac{1}{2}$ . Average of winter months 3 $\frac{3}{8}$
February.	148 $\frac{1}{2}$	146 $\frac{1}{16}$	1 $\frac{1}{16}$	.....	
March.	146 $\frac{1}{16}$	143 $\frac{1}{8}$	2 $\frac{9}{16}$	.....	
April.	133 $\frac{1}{16}$	129 $\frac{3}{16}$	4 $\frac{1}{16}$	.....	
May.	132 $\frac{1}{16}$	129 $\frac{3}{16}$	3 $\frac{3}{16}$	.....	
June.	125 $\frac{9}{16}$	125 $\frac{1}{4}$	.....	0 $\frac{3}{16}$	
July.	115 $\frac{7}{16}$	111 $\frac{7}{16}$	4	.....	
August.	108 $\frac{5}{16}$	107 $\frac{3}{8}$	0 $\frac{5}{16}$	.....	
September.	106 $\frac{1}{4}$	105 $\frac{1}{4}$	0 $\frac{1}{4}$	.....	
October.	114 $\frac{1}{2}$	112 $\frac{7}{16}$	2 $\frac{1}{16}$	.....	
November.	121 $\frac{9}{16}$	118 $\frac{3}{16}$	2 $\frac{1}{16}$	.....	
December.	120 $\frac{1}{4}$	116 $\frac{1}{16}$	3 $\frac{9}{16}$	.....	
<b>1880.</b>	126 $\frac{1}{16}$	124 $\frac{5}{16}$	2 $\frac{1}{2}$	.....	
<b>1881.</b> January.	117 $\frac{7}{8}$	116 $\frac{3}{16}$	1 $\frac{1}{16}$	.....	Yearly average 21 $\frac{1}{16}$ . Average of winter months 2 $\frac{7}{8}$
February.	117 $\frac{3}{16}$	115 $\frac{1}{8}$	2 $\frac{1}{16}$	.....	
March.	122 $\frac{1}{16}$	119	3 $\frac{1}{16}$	.....	
April.	125 $\frac{3}{8}$	121 $\frac{1}{16}$	3 $\frac{1}{16}$	.....	
May.	126 $\frac{3}{16}$	125 $\frac{1}{16}$	0 $\frac{1}{16}$	.....	
June.	126 $\frac{1}{16}$	125	1 $\frac{1}{16}$	.....	
July.	127 $\frac{1}{4}$	124 $\frac{1}{16}$	2 $\frac{9}{16}$	.....	
August.	135 $\frac{3}{16}$	134 $\frac{1}{16}$	1 $\frac{1}{16}$	.....	
September.	147	143 $\frac{7}{16}$	3 $\frac{9}{16}$	.....	
October.	150 $\frac{1}{8}$	146	4 $\frac{1}{8}$	.....	
November.	141 $\frac{1}{16}$	138	3 $\frac{1}{16}$	.....	
December.	141 $\frac{1}{16}$	137 $\frac{1}{2}$	3 $\frac{1}{16}$	.....	
<b>1881.</b>	131 $\frac{5}{8}$	128 $\frac{1}{16}$	21 $\frac{1}{16}$	.....	
<b>1882.</b> January.	144 $\frac{3}{4}$	140 $\frac{9}{16}$	4 $\frac{3}{16}$	.....	Average of last 5 months including Feb., 1882, 31 $\frac{3}{8}$
February.	136 $\frac{7}{8}$	133 $\frac{1}{16}$	3 $\frac{1}{16}$	.....	

# AVERAGE PRICES OF WESTERN MIXED CORN.

	New York.	Baltimore.	N. Y. over Balt.	Balto. over N. Y.	
<b>1878.</b> January.	62 $\frac{1}{2}$	56 $\frac{7}{8}$	5 $\frac{1}{2}$	.....	Yearly average 1 $\frac{9}{16}$ . Average of winter months 3 $\frac{1}{2}$
February.	59 $\frac{9}{16}$	55 $\frac{1}{2}$	4 $\frac{7}{8}$	.....	
March.	55 $\frac{7}{8}$	53 $\frac{1}{2}$	2 $\frac{1}{2}$	.....	
April.	54 $\frac{7}{16}$	52 $\frac{1}{2}$	1 $\frac{1}{2}$	.....	
May.	51	49 $\frac{3}{4}$	1 $\frac{1}{4}$	.....	
June.	44 $\frac{1}{2}$	46 $\frac{1}{8}$	.....	1 $\frac{5}{8}$	
July.	47 $\frac{1}{2}$	47 $\frac{1}{8}$	.....	0 $\frac{5}{16}$	
August.	49 $\frac{1}{4}$	49 $\frac{1}{8}$	0 $\frac{1}{8}$	.....	
September.	50	51 $\frac{3}{8}$	.....	1 $\frac{3}{16}$	
October.	47 $\frac{3}{16}$	47 $\frac{1}{8}$	0 $\frac{1}{16}$	.....	
November.	46 $\frac{1}{8}$	47 $\frac{1}{4}$	.....	0 $\frac{3}{8}$	
December.	47 $\frac{1}{8}$	45 $\frac{3}{8}$	1 $\frac{1}{4}$	.....	
<b>1878.</b>	51 $\frac{9}{16}$	50 $\frac{5}{8}$	1 $\frac{9}{16}$	.....	
<b>1879.</b> January.	47	43 $\frac{3}{4}$	3 $\frac{1}{4}$	.....	Yearly Average 0 $\frac{3}{16}$ . Average of winter months 2 $\frac{1}{2}$
February.	46 $\frac{1}{2}$	44 $\frac{1}{2}$	2 $\frac{1}{2}$	.....	
March.	45 $\frac{7}{16}$	43 $\frac{3}{4}$	1 $\frac{1}{16}$	.....	
April.	44 $\frac{1}{2}$	42 $\frac{1}{2}$	1 $\frac{1}{2}$	.....	
May.	45 $\frac{1}{16}$	43 $\frac{3}{8}$	1 $\frac{1}{16}$	.....	
June.	43 $\frac{1}{2}$	43 $\frac{1}{2}$	.....	.....	
July.	44 $\frac{3}{8}$	44 $\frac{1}{4}$	0 $\frac{3}{8}$	.....	
August.	45 $\frac{1}{2}$	46	.....	0 $\frac{1}{8}$	
September.	49 $\frac{3}{4}$	51 $\frac{7}{8}$	.....	2 $\frac{1}{8}$	
October.	58 $\frac{7}{16}$	60 $\frac{3}{8}$	.....	2 $\frac{3}{16}$	
November.	59 $\frac{9}{16}$	57 $\frac{3}{8}$	2 $\frac{3}{16}$	.....	
December.	64	63 $\frac{5}{16}$	0 $\frac{1}{16}$	.....	
<b>1879.</b>	49 $\frac{17}{32}$	48 $\frac{3}{4}$	0 $\frac{5}{32}$	.....	
<b>1880.</b> January.	60 $\frac{7}{8}$	57	3 $\frac{7}{8}$	.....	Yearly average 1 $\frac{1}{2}$ . Average of winter months 2 $\frac{1}{2}$
February.	60 $\frac{7}{16}$	57 $\frac{1}{2}$	2 $\frac{1}{16}$	.....	
March.	58 $\frac{3}{4}$	55 $\frac{3}{4}$	3	.....	
April.	53 $\frac{7}{16}$	49 $\frac{1}{16}$	3 $\frac{3}{4}$	.....	
May.	53 $\frac{1}{16}$	52 $\frac{9}{16}$	0 $\frac{5}{16}$	.....	
June.	52 $\frac{5}{16}$	51 $\frac{3}{16}$	0 $\frac{1}{16}$	.....	
July.	48 $\frac{1}{16}$	48 $\frac{1}{16}$	0 $\frac{1}{8}$	.....	
August.	49 $\frac{7}{8}$	50 $\frac{3}{16}$	.....	0 $\frac{5}{16}$	
September.	51	51 $\frac{1}{16}$	.....	0 $\frac{3}{16}$	
October.	54 $\frac{9}{16}$	53 $\frac{1}{16}$	0 $\frac{7}{8}$	.....	
November.	59 $\frac{3}{16}$	58 $\frac{1}{8}$	1 $\frac{1}{16}$	.....	
December.	58 $\frac{9}{16}$	56 $\frac{1}{16}$	1 $\frac{7}{8}$	.....	
<b>1880.</b>	55 $\frac{1}{32}$	53 $\frac{1}{4}$	1 $\frac{3}{4}$	.....	
<b>1881.</b> January.	56 $\frac{1}{2}$	53 $\frac{1}{8}$	1 $\frac{3}{8}$	.....	Yearly average 1 $\frac{9}{16}$ . Average of winter months 2 $\frac{1}{2}$
February.	56 $\frac{1}{16}$	54 $\frac{1}{8}$	2 $\frac{1}{16}$	.....	
March.	59 $\frac{1}{16}$	57	2 $\frac{1}{16}$	.....	
April.	59 $\frac{1}{2}$	57 $\frac{1}{8}$	2 $\frac{1}{16}$	.....	
May.	58 $\frac{1}{16}$	58 $\frac{1}{16}$	0 $\frac{1}{4}$	.....	
June.	57	56 $\frac{1}{16}$	0 $\frac{1}{16}$	.....	
July.	56 $\frac{9}{16}$	56 $\frac{1}{16}$	.....	0 $\frac{3}{8}$	
August.	65 $\frac{9}{16}$	65	.....	0 $\frac{1}{16}$	
September.	72 $\frac{3}{8}$	69 $\frac{3}{4}$	2 $\frac{5}{8}$	.....	
October.	71 $\frac{1}{8}$	70 $\frac{1}{16}$	0 $\frac{1}{16}$	.....	
November.	68 $\frac{5}{16}$	66 $\frac{1}{16}$	1 $\frac{3}{8}$	.....	
December.	69 $\frac{3}{8}$	66 $\frac{1}{16}$	2 $\frac{1}{16}$	.....	
<b>1881.</b>	62 $\frac{5}{8}$	61 $\frac{1}{16}$	1 $\frac{9}{16}$	.....	Average of last 5 months including Feb., 1882, 17c.
<b>1882.</b> January.	69 $\frac{5}{16}$	68 $\frac{5}{16}$	1 $\frac{5}{16}$	.....	
February.	67 $\frac{1}{16}$	66 $\frac{1}{8}$	1 $\frac{1}{16}$	.....	



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